

AO 120 (Rev. 08/10)

<b>TO:</b> <b>Mail Stop 8</b> <b>Director of the U.S. Patent and Trademark Office</b> <b>P.O. Box 1450</b> <b>Alexandria, VA 22313-1450</b>	<b>REPORT ON THE</b> <b>FILING OR DETERMINATION OF AN</b> <b>ACTION REGARDING A PATENT OR</b> <b>TRADEMARK</b>
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In Compliance with 35 U.S.C. § 290 and/or 15 U.S.C. § 1116 you are hereby advised that a court action has been filed in the U.S. District Court Central District of California on the following

☒ Trademarks or ☐ Patents. ( ☐ the patent action involves 35 U.S.C. § 292.);

DOCKET NO. 2:14-cv-08290	DATE FILED 10/24/2014	U.S. DISTRICT COURT Central District of California
PLAINTIFF Amusement Art, LLC		DEFENDANT Life Is Beautiful, LLC; Downtown Las Vegas Management LLC; Andrew Donner; and DOES 1-10, inclusive
PATENT OR TRADEMARK NO. **	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1 4230609	10/23/2012	Amusement Art, LLC
2 4222551	10/9/2012	Amusement Art, LLC
3 4230601	10/23/2012	Amusement Art, LLC
4 4230603	10/23/2012	Amusement Art, LLC
5 4230604	10/23/2012	Amusement Art, LLC

\*\* Continued on Attachment

In the above—entitled case, the following patent(s)/ trademark(s) have been included:

DATE INCLUDED	INCLUDED BY <input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading	
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
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In the above—entitled case, the following decision has been rendered or judgement issued:

DECISION/JUDGEMENT  11/29/2016 order
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CLERK Kiry Gray	(BY) DEPUTY CLERK L Chai	DATE 11/30/16
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Copy 1—Upon initiation of action, mail this copy to Director X Copy 3—Upon termination of action, mail this copy to Director  
 Copy 2—Upon filing document adding patent(s), mail this copy to Director Copy 4—Case file copy

1 the basis of fraud are: “(1) a false representation regarding a material fact; (2) the  
2 registrant’s knowledge or belief that the representation is false; (3) the registrant’s intent  
3 to induce reliance upon the misrepresentation; (4) actual, reasonable reliance on the  
4 misrepresentation; and (5) damages proximately caused by that reliance.” *Hokto Kinoko*  
5 *Co. v. Concord Farms, Inc.*, 738 F.3d 1085, 1097 (9th Cir. 2013). The parties do not dispute  
6 that the statements of use submitted by Plaintiffs were material false statements nor do  
7 they question whether the PTO reasonably relied on those misrepresentations.

8 As to the knowledge and intent elements, the court concludes that no rational jury  
9 could credit Plaintiffs’ claim that the false statements were innocent mistakes in light of  
10 the extent of the deception. Plaintiffs filed eight separate trademark registrations  
11 representing that they used the “Life is Beautiful” phrase to sell hundreds of categories of  
12 goods. No record evidence suggests that Plaintiffs mistakenly believed they actually sold  
13 the majority of the claimed goods. Instead, Plaintiffs explain their actions by noting that  
14 the executives who filed the applications were not native English speakers and that they  
15 filed the applications without the assistance of an attorney. (Boudreaux Decl., Ex. XX.)  
16 This explanation is implausible given that Plaintiffs have lived in the United States and  
17 spoken English for over 30 years and have also affirmed that they have filed trademark  
18 applications across the world, (*See* Decl. of Debora Guetta ¶¶ 2-4; Decl. Patrick Guetta ¶¶  
19 2, 7.) Most troubling, however, is the fact that Plaintiffs provide no explanation for the  
20 several deceptive photographs submitted along with the registration applications. In  
21 addition to filing statements of use, Plaintiffs staged photographs of various goods with  
22 “Life is Beautiful” tags, which they later admitted they never actually sold. (*See* Boyd  
23 Decl., Ex. 16; Patrick Guetta Dep. at 109:17-110:16, 114:14-118:13.) Taken together, this  
24 evidence supports the conclusion that Plaintiffs knowingly made misrepresentations to  
25 the PTO in order to fraudulently obtain trademark registrations.

26  
27  
28 registrations at issue by fraud here but will address the remainder of the cancellation  
motion below. *See, infra*, Part III.B.

1 Turning to the issue of damages, the court concludes that no reasonable jury could  
2 find that reliance on Plaintiffs' false representations did not cause damage. By falsely  
3 securing the registration of marks that they never used and then later suing LIB on the  
4 basis of those marks, there is no question that Plaintiffs have harmed LIB. But the more  
5 pervasive harm in this case is the cost imposed on a public that relies on the integrity of  
6 the patent system. As the Supreme Court explained in *Park 'N Fly, Inc. v. Dollar Park &*  
7 *Fly, Inc.*:

8 The Lanham Act provides national protection of trademarks in order to  
9 secure to the owner of the mark the goodwill of his business and to protect  
10 the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.

11 469 U.S. 189, 198 (1985). Instead of furthering the Lanham Act's goal of fostering  
12 competition in the marketplace, Plaintiffs attempted to secure a monopoly over most  
13 plausible uses of the phrase "Life is Beautiful" without actually investing any resources  
14 into developing the goodwill of their brand. Plaintiffs falsely claimed ownership over the  
15 mark in eight classes of goods covering nearly 250 specific items. In doing so, Plaintiffs  
16 may have chilled potential competitors from entering the marketplace and developing  
17 their own brand identifications across an array of goods. To put into perspective the  
18 extent of the fraud, Plaintiffs registered the mark in nearly one-fifth of all possible  
19 classifications, asserting use in goods as varied as food coloring, watch boxes, beach  
20 umbrellas, cleaning sponges, talking children's books, and crime scene tape. (Answer ¶¶  
21 115, 118, 122, 126, 133, 141.) In fact, after eliminating trademark classifications that would  
22 plainly be inapplicable to the phrase at issue or Plaintiffs' business, the court could  
23 identify only four or five additional classifications in which Plaintiffs could have even  
24 conceivably registered this mark. While it is difficult to measure after the fact the precise  
25 magnitude of the harm of Plaintiffs' actions, the court concludes that there is no triable  
26 issue whether Plaintiffs' acted inequitably.

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28 ///

2. Related to Subject Matter of Claims

The second element of an unclean hands defense requires Defendant to show that the inequitable conduct “relates to the subject matter of [Plaintiff’s] claims.” *Fuddrucker*, 826 F.2d at 847. Plaintiffs interpret this requirement to mean that the unclean hands doctrine only “bars relief in Lanham Act cases when the plaintiff has engaged in precisely the same type of conduct about which it complains.” (Pls.’ Opp’n LIB’s Mot. Summ. J. 12 (quoting *TrafficSchool.com, Inc. v. Edriver, Inc.*, 633 F.Supp.2d 1063, 1084 (C.D. Cal. 2008)).) According to Plaintiffs, this condition is not satisfied because the misconduct alleged against them is insufficiently similar to the misconduct they are alleging against Defendants. Specifically, Defendants complain that Plaintiffs committed fraud on the PTO while Plaintiffs contend that Defendants are engaged in trademark infringement. This argument is unconvincing for several reasons. First, Plaintiffs mischaracterize the conclusion in *TrafficSchool.com*, where the district court actually held that the relevant inquiry is whether “some unconscionable act of one coming for relief has immediate and necessary relation to the equity that he seeks in respect of the matter in litigation” and went on to explain that this requirement was met “[m]ost commonly . . . when the plaintiff has engaged in precisely the same type of conduct . . .” 633 F. Supp. 2d at 1084, *aff’d in part, rev’d in part on other grounds*, 653 F.3d 820 (9th Cir. 2011). Second, as noted above, several courts have held that fraud on PTO is precisely the sort of mischief that can give rise to an unclean hands bar to future trademark infringement actions. In none of those cases did the court require both parties to make competing allegations of fraud on the PTO. *See, e.g., Precision Instrument*, 324 U.S. at 814; *Elec. Info. Publications*, 1969 WL 9623, at \*11.

Contrary to Plaintiffs’ contention, courts have actually held that “precise similarity is not required” to raise an unclean hands defense. *Pom Wonderful LLC v. Welch Foods, Inc.*, 737 F. Supp. 2d 1105, 1110 (C.D. Cal. 2010). Instead, “the bad faith must be ‘relative to the matter in which [the plaintiff] seeks relief.’” *Id.* (quoting *Precision Instrument*, 324 U.S. at 814). Accordingly, “the relevant inquiry is ‘not [whether] the plaintiff’s hands are

1 dirty, but [whether] he dirtied them in acquiring the right he now asserts, or [whether]  
2 the manner of dirtying renders inequitable the assertion of such rights against the  
3 defendants.” *Welch*, 737 F.Supp.2d at 1110 (quoting *Ellenburg v. Brockway, Inc.*, 763 F.2d  
4 1091, 1097 (9th Cir.1985)) (alterations in original). Here, at least eight of the registrations  
5 involved marks where Plaintiffs dirtied their hands in acquiring the rights now asserted  
6 against Plaintiffs. Accordingly, the court concludes that these are directly related to the  
7 subject matter of the pending claims. The closer question is on the ninth trademark,  
8 which involves the registration of the phrase “Life is Beautiful” in connection with  
9 exhibitions and festivals, which Plaintiffs filed shortly before filing suit. While that mark  
10 is subject to cancellation proceedings before the PTO because of the false statements  
11 made in connection with the related marks, Plaintiffs have not yet surrendered the mark,  
12 and there is evidence to suggest that the mark is actually used with at least some of the  
13 claimed categories of goods.<sup>4</sup> Nonetheless, the court concludes that the fraud should bar  
14 all of Plaintiffs’ trademark infringement claims. As explained above, Plaintiffs  
15 fraudulently filed for a number of trademarks on the phrase “Life is Beautiful” in 2011  
16 and 2012, potentially deterring any competitors from entering the market and producing  
17 goods in any of hundreds of claimed categories. After filing for these registrations,  
18 Plaintiffs became aware that Defendants were using the phrase in connection with a  
19 category of goods that Plaintiffs had yet to claim in one of their eight trademark  
20 applications. Plaintiffs then filed another application and brought suit. The fact that this  
21 final registration has not yet been surrendered does not alter the court’s conclusion that is  
22 a case “where some unconscionable act of one coming for relief has immediate and

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23  
24 <sup>4</sup> In full, the trademark application claims that the mark is used in commerce for:  
25 Arranging, organizing, conducting, and hosting social entertainment  
26 events; Art exhibition services; Art exhibitions; Audio production services,  
27 namely, creating and producing ambient soundscapes, and sound stories  
28 for museums, galleries, attractions, podcasts, broadcasts, websites and  
games; Audio recording and production; Augmented reality video  
production; Book publishing; Organizing community festivals featuring  
primarily Art exhibitions and also providing film, fashion shows and  
exhibitions.  
(FAC ¶ 17.)

1 necessary relation to the equity that he seeks in respect of the matter in litigation.” *U-*  
2 *Haul Int’l, Inc. v. Jartran, Inc.*, 522 F.Supp. 1238, 1254 (D.Ariz.1981), *aff’d*, 681 F.2d 1159  
3 (9th Cir. 1982).

4 3. Balance of Equities

5 Even though Plaintiffs have engaged in inequitable conducted related to the  
6 subject matter of the claims, the unclean hands defense does not always “permit a  
7 defendant wrongdoer to retain the profits of his wrongdoing merely because the plaintiff  
8 himself is possibly guilty of transgressing the law.” *Johnson v. Yellow Cab Transit Co.*, 321  
9 U.S. 383, 387 (1944). “Rather, determining whether the doctrine of unclean hands  
10 precludes relief requires balancing the alleged wrongdoing of the plaintiff against that of  
11 the defendant, and ‘weigh[ing] the substance of the right asserted by [the] plaintiff  
12 against the transgression which, it is contended, serves to foreclose that right.’” *Northbay*  
13 *Wellness Grp., Inc. v. Beyries*, 789 F.3d 956, 960 (9th Cir. 2015) (quoting *Republic Molding*  
14 *Corp. v. B.W. Photo Utils.*, 319 F.2d 347, 350 (9th Cir. 1963)).

15 In the present case, the balance of equities weighs in favor of permitting  
16 Defendants to assert the defense. Plaintiffs have not only engaged in fraudulent acts in  
17 attempting to register the “Life is Beautiful” trademark, they have also attempted to  
18 profit off that fraud both by deterring competitors and by subjecting Life is Beautiful to  
19 the present litigation. Moreover, in acquiring these fraudulent registrations, Plaintiffs  
20 have undermined the sanctity of a trademark registration system that relies on parties  
21 truthfully representing which marks are bona fide source identifiers and which are not.  
22 These wrongdoings are not offset by Plaintiffs’ weak claim for trademark infringement.  
23 Because the court concludes that unclean hands bars Plaintiffs’ trademark infringement  
24 claim as to the “Life is Beautiful” mark, the court need not resolve the merits of the  
25 underlying trademark infringement claim. However, the court’s determination that  
26 Plaintiffs did not actually use “Life is Beautiful” as a trademark only serves to underscore  
27 the court’s conclusion that balance of equities weighs in favor of permitting Defendants  
28 to rely on an unclean hands defense. Moreover, this conclusion would be fatal to any

1 claim for trademark infringement of the “Life is Beautiful” mark, and provides an  
2 alternative ground for resolving that issue.

3 Briefly, the Lanham Act defines a trademark as “any word, name, symbol, or  
4 device, or any combination thereof . . . used by a person . . . to identify and distinguish  
5 his or her goods . . . from those manufactured or sold by others and to indicate the source  
6 of the goods, even if that source is unknown.” 15 U.S.C. § 1127. Thus, the mark must be  
7 used “in a way sufficiently public to identify or distinguish the marked goods in an  
8 appropriate segment of the public mind as those of the adopter of the mark.” *Brookfield*  
9 *Commc’ns, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1052 (9th Cir. 1999). Defendants  
10 contend that the “Life is Beautiful” mark does not serve to identify Plaintiffs’ products in  
11 the marketplace. Rather, it is an ornamental element of Plaintiffs’ art and just one of  
12 several positive phrases used in his artwork. (LIB Mot. Summ. J. 14-15.) Defendants also  
13 contend that the use of the phrase of the title of an art show or as a mark on the back of  
14 canvasses does not qualify the phrase as a mark. Rather, if Plaintiffs have a valid  
15 trademark, it is to the name “Mr. Brainwash,” which serves as Guetta’s identifying brand  
16 name in the art world. (*Id.*) Rather than rebut this evidence, Plaintiffs respond by stating  
17 that Plaintiffs’ registration of the mark on the Principal Register “constitutes prima facie  
18 evidence of the validity of the registered mark and of [Plaintiffs’] exclusive right to use  
19 the mark on the good and services specified in the registration.” (Pls.’ Opp’n LIB Mot.  
20 Summ. J. 15-16.) However, where one party has presented evidence rebutting a claim to a  
21 trademark, the registration is “merely evidence ‘of registration,’ nothing more.” *Tie Tech,*  
22 *Inc. v. Kinedyne Corp.*, 296 F.3d 778, 783 (9th Cir. 2002) (“Once the presumption of validity  
23 is overcome, however, the mark’s registration is merely evidence ‘of registration,’  
24 nothing more. This approach can be characterized as rebutting the prima facie case or  
25 ‘piercing the presumption.’”). Given Defendants evidence that Plaintiffs’ mark is not  
26 actually a source identifier and that the majority of the marks at issue were fraudulently  
27 obtained, Plaintiffs cannot solely rely on the presumption of validity without presenting  
28 any other evidence substantiating their claim to a valid and protectable mark.

1 Accordingly, the court GRANTS summary judgment to Defendants on all causes of  
2 action based on claims for trademark infringement as to the “Life is Beautiful” mark.

3 **B. Counterclaim for Cancellation**

4 Although Plaintiffs have surrendered the eight “Life is Beautiful” trademark  
5 registrations filed with false statements of use, Defendants continue to seek summary  
6 judgment on their counterclaim for cancellation of the marks. (Defs.’ Mot. Summ. J.  
7 Cancellation.) According to Defendants, without an entry of judgment, Plaintiffs could  
8 refile applications for the registrations at issue with new statements of use and then  
9 reassert the same infringement claims against Defendants. (*Id.* 3-4.) Given that the court  
10 has already concluded that Plaintiffs obtained the “Life is Beautiful” marks fraudulently,  
11 Defendants would ordinarily be entitled to summary judgment on their cancellation  
12 counterclaim. Having surrendered their marks, however, Plaintiffs argue that summary  
13 judgment is now inappropriate because the issue is moot. (Pls.’ Opp’n Mot. Summ. J.  
14 Cancellation 5-6.)

15 If this cancellation action were proceeding before the Trademark Trial and Appeal  
16 Board (TTAB), the ordinary rule would require that a party attempting to surrender their  
17 mark rather than face judgment must obtain “the written consent of every adverse party  
18 to the proceeding.” 37 C.F.R. § 2.134(a). If a party failed to obtain this written consent,  
19 judgment would be entered against it. *Id.* Discussing the analogous rule for marks subject  
20 to an opposition, concurrent use, or interference proceeding, the TTAB has explained that  
21 “the purpose of [the rule] is to preclude an applicant from attempting to moot the  
22 opposer’s pleaded claim (and thereby avoid entry of judgment thereon) by unilaterally  
23 abandoning the application after commencement of the opposition proceeding. Opposer  
24 is entitled to a decision on the merits of its pleaded claim.” *Sharp Kabushiki Kaisha a/t/a*  
25 *Sharp Corp.*, 2004 WL 725453, at \*2 (TTAB Mar. 30, 2004).

26 Although this Court is not bound by the procedural rules as the TTAB, the logic  
27 underlying such a rule is applicable in a proceeding before a federal court. Without an  
28 entry of judgment, there is nothing to stop Plaintiffs from refilling their marks after the



1 conclusion of this litigation, and once again fraudulently deter potential competitors  
2 from entering the marketplace or subject Defendants to renewed trademark infringement  
3 actions. In fact, Plaintiffs own opposition to the cancellation motion acknowledges that a  
4 finding of fraud would provide a basis for entering judgment so as to prevent future  
5 fraud. (See Pls.' Opp'n Mot. Summ. J. Cancellation 5-6. ("Only if Defendants' had actually  
6 shown that AA committed fraud in procuring the Registrations would Defendants have  
7 had any basis to speculate that AA might commit the same fraud in the future."))

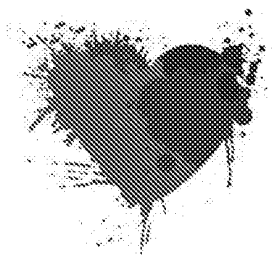
8 As to the mootness issue, Plaintiffs are correct that "an 'actual controversy' must  
9 exist not only 'at the time the complaint is filed,' but through 'all stages' of the litigation."  
10 *Already, LLC v. Nike, Inc.*, 133 S. Ct. 721, 726 (2013) (quoting *Alvarez v. Smith*, 558 U.S. 87,  
11 92 (2009)). A case becomes moot "when the issues presented are no longer 'live' or the  
12 parties lack a legally cognizable interest in the outcome." *Murphy v. Hunt*, 455 U.S. 478,  
13 481 (1982) (per curiam). At the same time, "a defendant cannot automatically moot a case  
14 simply by ending its unlawful conduct once sued." *Already*, 133 S. Ct. at 727. (citing *City*  
15 *of Mesquite v. Aladdin's Castle, Inc.*, 455 U.S. 283, 289 (1982)). Under these circumstances "a  
16 defendant claiming that its voluntary compliance moots a case bears the formidable  
17 burden of showing that it is absolutely clear the allegedly wrongful behavior could not  
18 reasonably be expected to recur." *Friends of the Earth, Inc. v. Laidlaw Environmental Services*  
19 *(TOC), Inc.*, 528 U.S. 167, 190 (2000).

20 While Plaintiffs contend that there is no risk of future fraudulent conduct, they  
21 have submitted no specific evidence to meet their "formidable burden." Were the  
22 positions of the parties reversed, and it was Defendants who claimed that they would  
23 cease infringing, Ninth Circuit law expressly holds that their voluntary cessation would  
24 not moot the infringement action. *Polo Fashions, Inc. v. Dick Bruhn, Inc.*, 793 F.2d 1132,  
25 1135-36 (9th Cir. 1986). This is, in part, because "[i]f the defendants sincerely intend not  
26 to infringe, the injunction harms them little; if they do, it gives Polo substantial protection  
27 of its trademark." *Id.* So too here. If Plaintiffs have no intention of fraudulent refiling for  
28 trademark registration, judgment harms them little while giving Defendants substantial

1 assurance that they can proceed to build their business. Thus, in light of the court's  
2 determination that Plaintiffs fraudulently obtained the first eight "Life is Beautiful"  
3 trademarks, the court also GRANTS Defendants' counterclaim for cancellation of those  
4 marks.

5 **C. "Heart Design" Infringement Claims**

6 Defendants move for summary judgment on Plaintiffs' trademark infringement  
7 and copyright infringement causes of action as to Plaintiffs' claimed trademark and  
8 copyright in an image of a "splashed painted heart." As noted above, Plaintiffs assert  
9 that, as early as 2009, Guetta used various heart designs in connection with his art work  
10 and goods that he sold. (FAC ¶ 21.) Furthermore, Plaintiffs have registered a copyright in  
11 at least one version of the heart design used by Guetta. For the first two years of the Life  
12 is Beautiful festival, Defendants used a painted heart design as the logo of the festival.  
13 (Boyd Decl., Ex. 58.) Defendants assert that they have since ceased using the logo but  
14 Plaintiffs contend that image can still be seen in connection with the festival on social  
15 media. (*Compare id. with* Boudreaux Decl. 46.) For reference, the images are depicted  
16 below:



23 (Def. LIB Mot. Summ. J. 33.) The image on the left was the logo of the Life is Beautiful  
24 Festival. It features a heart composed of paint that looks like it was dripped onto a  
25 canvas. The left side of the heart features shades of red, while the right side features  
26 shades of purple. The image on the right is one of the splashed heart designs produced  
27 by Guetta. It appears to be composed of paint that looks like it was splashed onto a  
28

1 canvas. This particular heart features one primary color, a slightly faded red, with some  
2 darker areas where more paint was used.

3 1. Trademark Infringement of Heart Design

4 Defendants contend that Plaintiffs trademark infringement claim as to the painted  
5 heart design fails because Plaintiffs do not use the image as a mark or a source identifier  
6 for either Plaintiffs' business or Guetta's artwork. (Def. LIB Mot. Summ. J. 30-31.) While  
7 Defendants acknowledge that Guetta has used the image in some of his works and on  
8 some merchandise sold by Plaintiffs, Defendants contend that the use does not rise to the  
9 level of a source identifier. (*Id.*) Furthermore, Defendants note that Plaintiffs' 30(b)(6)  
10 representative, Debora Guetta, did not consider the image a trademark but instead a  
11 copyright. In support, Defendants present deposition testimony from Plaintiffs' corporate  
12 representative where she stated:

13 Q: Okay. Let's talk about the second topic. Amusement Art and It's A Wonderful  
World's use of heart images. Does Amusement Art make any use of heart images?

14 A: Amusement Art, no.

15 Q: How does It's A Wonderful World make use of heart images?

16 A: In artwork, murals, some merchandise, on postcards, I guess.

17 Q: And does – is it the company's position that it uses the heart as a trademark in  
18 all these different ways?

19 MS. CALKINS: Objection. Vague and ambiguous.

20 THE WITNESS: It's a copyrighted image.

21 BY MS. GODLEY:

22 Q: And not a trademark?

23 A: It's not a trademark image, no.

24 (Debora Guetta Dep. at 160:15-161:6). In Defendants' view, this constitutes a binding  
judicial admission that Plaintiffs are not asserting a trademark over the heart design.

25 Plaintiffs respond that there is a triable issue of fact as to whether they use the  
26 heart design as a trademark. In support, Plaintiffs note an incident when Choudhry was  
27 asked during a meeting about using Guetta's mark and Choudhry responded by  
28 laughing and stating he was "inspired by Thierry's work." (Boudreaux Decl., Ex. 7 (Justin

*Docket No. 2:14-cv-08290*

**ATTACHMENT TO**  
**REPORT ON THE FILING OR DETERMINATION OF AN ACTION REGARDING A PATENT**  
**OR TRADEMARK**  
**(FORM AO 120)**

PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
6. 4230605	10/23/2012	Amusement Art, LLC
7. 4568728	07/15/2014	Amusement Art, LLC
8. 4400693	09/10/2013	Amusement Art, LLC
9. 86405252	Filed 09/24/2014	Amusement Art, LLC (assigned by It's A Wonderful World, Inc.)
10. 86367058	Filed 08/14/2014	Life Is Beautiful, LLC
11. 86367025	Filed 08/14/2014	Life Is Beautiful, LLC
12. 86366989	Filed 08/14/2014	Life Is Beautiful, LLC
13. 86366959	Filed 08/14/2014	Life Is Beautiful, LLC

1 Murphy Dep.) 104:15-105:4, 106:4-12.) Plaintiffs also note that one of their own employees  
2 testified that the image was a mark and one of Defendants' employees admitted the  
3 image was a "logo" for Guetta. (Boudreaux Decl., Ex. 14 (Roman Lefebvre Dep. 47:25-  
4 48:11, 52:8-9, 52:25-53:9; Boudreaux Decl., Ex. 8 (Josh Ripple Dep.) 61:7-22.) Finally,  
5 Plaintiffs contest Defendant's interpretation of the meaning and legal effect of the 30(b)(6)  
6 witness's statement regarding the use of the heart image as a trademark. On this point,  
7 Plaintiffs note that Debora Guetta's statement should only be read as an  
8 acknowledgement that Plaintiffs did not seek to register the heart image as a trademark  
9 rather than a concession that the image was not actually a mark. (Opp'n 23 (citing Debora  
10 Guetta Decl. ¶ 11 ("My testimony was that IAWW had not registered a heart design as a  
11 trademark with the PTO. I was not stating, as Ms. Godley is now asserting, that the 'Pop  
12 Heart' at issue in this lawsuit is not a trademark of AA or Thierry Guetta.")).) Plaintiffs  
13 also contend that, even if the statement could be construed as an admission the image  
14 was not a trademark, it is unsettled in the Ninth Circuit whether the statement of a  
15 30(b)(6) witness is binding on a corporation as a judicial admission. (Opp'n 23 (citing  
16 *Coalition for a Sustainable Delta v. John McCamman*, 725 F. Supp. 2d 1162, 1172 (E.D. Cal.  
17 2010)).)

18 As the parties recognize, the law in the Ninth Circuit is unsettled whether a  
19 corporate representative's deposition testimony constitutes a binding judicial admission,  
20 which the corporation cannot later controvert. Typically, a judicial admission is made in  
21 pleadings or stipulations by a party or its counsel. As one treatise describes it, judicial  
22 admissions are "not evidence at all but rather have the effect of withdrawing a fact from  
23 contention." Michael H. Graham, *Federal Practice and Procedure: Evidence* § 6726. Courts  
24 that have found a 30(b)(6) witness's statements binding as a judicial admission have  
25 grounded this rule in the rationale that a 30(b)(6) witness has a unique responsibility to  
26 participate in a deposition ready to offer accurate and binding testimony on behalf of the  
27 entity they represent. See *Coalition for a Sustainable Delta*, 725 F. Supp. 2d at 1172 n.10  
28 (collecting cases). But other courts have concluded that "testimony given at a Rule

1 30(b)(6) deposition is evidence which, like any other deposition testimony, can be  
2 contradicted and used for impeachment purposes,” and that such testimony does not  
3 “bind” the designating entity “in the sense of [a] judicial admission.” *A.I. Credit Corp. v.*  
4 *Legion Ins. Co.*, 265 F.3d 630, 637 (7th Cir. 2001); see *Coalition for a Sustainable Delta*, 725 F.  
5 Supp. 2d at 1172 n.11 (collecting cases).

6 A 30(b)(6) witness should be afforded no greater or less relief than that which  
7 would be afforded to an individual party. The statements made by a 30(b)(6) witness  
8 during deposition, depending on the circumstances, can constitute relevant and  
9 probative evidence concerning the issue at hand. Of course, this does not mean that a  
10 party can withdraw their representative’s prior testimony with impunity. As with any  
11 other litigant, the 30(b)(6) witness faces the same uphill battle of explaining to a trier of  
12 fact any retraction or qualification of a prior admission. See, e.g., *State Farm Mut. Auto. Ins.*  
13 *Co. v. New Horizont*, 250 F.R.D. 203, 212-13 (E.D. Pa. 2008) (“[W]here the nonmovant in a  
14 motion for summary judgment submits an affidavit which directly contradicts an earlier  
15 Rule 30(b)(6) deposition and the movant relied upon and based its motion on the prior  
16 deposition, courts have disregarded the later affidavit.”) (quotations and alterations  
17 omitted) (collecting cases).

18 Under this standard, the court finds that Plaintiffs’ 30(b)(6) representative’s  
19 testimony constitutes an acknowledgement that the heart design did not function as  
20 Plaintiffs’ trademark. As the transcript reflects, the witness was asked about where  
21 Plaintiffs used the heart image. (Debora Guetta Dep. at 160:15-161:6). After responding  
22 “artwork, murals, some merchandise, [and] on postcards,” the follow-up question was  
23 whether it was the company’s position that the image was *used* as a trademark in all of  
24 those respects. (*Id.* (emphasis added).) The witness’s response was that the image was a  
25 “copyright image” and not a “trademark image.” Plaintiffs’ now attempt to controvert  
26 that testimony by arguing the response was actually about formal registration rather than  
27 actual use. This position is unsupported by the record. There is no suggestion in either  
28 the question or the surrounding transcript that anyone was discussing formal registration

1 as opposed to actual use as a mark. Accordingly, Plaintiffs' cannot rely on their 30(b)(6)  
2 witness's ex post declaration to create a triable issue of fact.

3 Even if this court were to credit Plaintiffs' explanation of their witness's statement,  
4 there is still no basis for concluding that there is a genuine issue of fact as to Plaintiffs'  
5 trademark infringement claim. As noted above, the Lanham Act defines a trademark as  
6 "any word, name, symbol, or device, or any combination thereof . . . used by a person . . .  
7 to identify and distinguish his or her goods . . . from those manufactured or sold by  
8 others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C.  
9 § 1127. If a particular image is not "used to identify a manufacturer or sponsor of a good  
10 or the provider of a service," then it cannot qualify for trademark protection. *See Mattel*  
11 *Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 806 n.12 (9th Cir. 2003). Unregistered  
12 trademarks, such as the claim to the heart design, are only protected if they have  
13 acquired "secondary meaning." *See Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 790 (9th  
14 Cir. 1981). Here, Plaintiffs limited use of the heart design does not rise to the level of a  
15 protectable trademark. There is only sporadic use of the mark in Guetta's artwork.  
16 Moreover, even if Plaintiffs' corporate representative's statement does not constitute a  
17 concession that the image is not used as trademark, it nonetheless provides compelling  
18 admissible evidence suggesting that conclusion. Given this evidence, the court cannot  
19 conclude that the references to a single statement by one of Plaintiff's employees that the  
20 image is a mark and the statement by one of Defendant's employees that the image is a  
21 logo create a triable issue of fact. Thus, the court GRANTS Defendants summary  
22 judgment on Plaintiffs' claim for trademark infringement as to the heart design.

## 23 2. Copyright Infringement of Heart Design

24 In order to establish a claim for copyright infringement, a plaintiff must prove "(1)  
25 ownership of a valid copyright, and (2) copying of constituent elements of the work that  
26 are original." *Feist Pubs., Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361. Defendants do not  
27 contest that Plaintiffs own a valid copyright to the splashed painted heart image. Thus,  
28 the question before the court is if there is a triable issue of fact whether Defendants

1 “cop[ied] anything that was ‘original’ to” Plaintiff’s work. *Id.* Plaintiffs have not  
2 submitted any evidence of direct copying by Defendants. To the contrary, Defendants  
3 argue that they hired a designer who independently arrived at Defendants’ version of the  
4 painted heart design. (Def. LIB Mot. Summ. J. 31-32.) “Absent evidence of direct copying,  
5 proof of infringement involves fact-based showings that the defendant had access to the  
6 plaintiff’s work and that the two works are substantially similar.” *Funky Films, Inc. v.*  
7 *Time Warner Entm’t Co., L.P.*, 462 F.3d 1072, 1076 (9th Cir. 2006).

8 To show access, a plaintiff must show that there is a “reasonable possibility” that  
9 the defendant viewed the protected work. *L.A. Printex Indus.*, 676 F.3d at 846. Defendants  
10 argue that Plaintiffs have not submitted any evidence that Defendants’ designer had any  
11 access to the image at issue nor any evidence that the work was “widely disseminated”  
12 enough to give rise to the inference of access. Plaintiffs respond that not only is Guetta’s  
13 heart image broadly distributed, there is evidence that various works by Guetta were  
14 included in a presentation document provided to the designer. From these documents,  
15 Plaintiffs argue that there is a high likelihood that the designer had access to the heart  
16 image. Because this case can be resolved on the substantial similarity prong, the court  
17 will assume without deciding that Defendants had access to the heart design.

18 “When the issue is whether two works are substantially similar, summary  
19 judgment is appropriate if no reasonable juror could find substantial similarity of ideas  
20 and expression.” *Kouf v. Walt Disney Pictures & Television*, 16 F.3d 1042, 1045 (9th Cir.  
21 1994). Although “summary judgment is not highly favored on the substantial similarity  
22 issue in copyright cases,” *Berkic v. Crichton*, 761 F.2d 1289, 1292 (9th Cir. 1985), substantial  
23 similarity “may often be decided as a matter of law.” *Sid & Marty Krofft Television Prods.,*  
24 *Inc. v. McDonald’s Corp.*, 562 F.2d 1157, 1164 (9th Cir. 1977). “Where the image at issue is  
25 ubiquitous, the copying must be exact.” *See Satava v. Lowry*, 323 F.3d 805, 812 (9th Cir.  
26 2003) (copyright infringement of ubiquitous symbols requires “virtually identical”  
27 copying); *Ets-Hokin v. Skyy Spirits, Inc.*, 323 F.3d 763, 766 (9th Cir. 2003) (same); *Apple*  
28 *Computer, Inc. v. Microsoft Corp.*, 35 F.3d 1435, 1442 (9th Cir. 1994) (same).



1 Defendants contend that the heart image is the sort of ubiquitous image subject to  
2 the heightened “virtually identical” standard. (LIB Mot. Summ. J. 24) Thus, even though  
3 Guetta is entitled to protect his specific depiction of a heart, there is insufficient evidence  
4 to support the conclusion that LIB’s heart design and Guetta’s heart design are “virtually  
5 identical.” (*Id.*) Plaintiffs do not challenge Defendants’ contention that a copyright claim  
6 based on this heart image is subject to the “virtually identical” standard in light of the  
7 ubiquity of the image. Instead, Plaintiffs respond by submitting testimony from an LIB  
8 employee the purports to show that the employee could not distinguish LIB’s heart  
9 design from Guetta’s heart design. The excerpt provided states:

10 A. “—whatever – I don’t know if it was his or ours or whatever --

11 Q. Okay.

12 A. -- but it’s a similar looking type of logo.

13 (Ripple Depo. 62:24-63:3.) Plaintiffs further contend that, even if there are some  
14 differences between the heart images, the fact that both parties used similar heart images  
15 along with the phrase “Life is Beautiful” supports a finding of substantial similarity.

16 The court concludes that there is no triable issue of fact as to Plaintiffs’ claim for  
17 copyright infringement of the heart design. First, a number of differences between the  
18 images leads to the conclusion that no rational jury could find the two heart designs  
19 “virtually identical.” On the level of color, Guetta’s heart is largely a monochromatic  
20 faded red while LIB uses at least two shades of two colors—red and purple—to depict  
21 their heart. Guetta’s heart is composed of a much more dramatic splash of paint with  
22 splatters reaching across the canvas, compared to LIB’s more controlled drip pattern on  
23 the heart. Moreover, Guetta’s heart looks like a handmade image with no smooth  
24 portions in the heart outline, while LIB’s looks like it may have been computer-generated  
25 with extended smooth lines for several portions of the heart’s outline. Finally, the fact  
26 that both heart designs were used in connection with the phrase “Life is Beautiful” does  
27 not support a finding of substantial similarity. As a matter of law, the court is unaware of  
28 any precedent that permits this additive approach, which allows a fact finder to consider

1 the images that a copyrighted image appears near in order to determine whether the  
2 images actually in dispute are themselves substantially similar. Moreover, as a factual  
3 matter, Defendants direct the court to a logo from an uninvolved third party that also  
4 uses the phrase "Life is Beautiful" with a splattered heart design, suggesting that such  
5 coincidences can occur without any further meaning. *See Life is Beautiful Platform*,  
6 [www.lifeisbeatiful.org](http://www.lifeisbeatiful.org) (last accessed Nov. 20, 2016).

7 Plaintiffs' efforts to rely on the deposition testimony of Josh Ripple is also  
8 inapposite. When read in context, it is evident that Ripple is not admitting that he cannot  
9 tell the designs apart. (*See* Ripple Depo. 61:7-25.) Instead, he was describing an incident  
10 where Guetta's representatives were showing Choudhry images during a dinner  
11 meeting. When asked by counsel during the deposition whether Ripple recalled the  
12 specific images shown, Ripple responded that he does not know whether "it was his our  
13 ours." (*Id.*) This stray remark of limited probative value is inadequate to create a triable  
14 issue of fact as to substantial similarity. Accordingly, the court grants Defendants  
15 summary judgment on Plaintiffs' claims for copyright infringement as to the heart  
16 design.

#### 17 **D. Claims Against DLVM and Monetary Damages Claims**

18 Having granted Defendants summary judgment on all of Plaintiffs' claims, it is  
19 unnecessary to resolve Defendant Downtown Las Vegas Management's separate motion  
20 for summary judgment on the grounds that DLVM cannot be held liable, as the  
21 managing company of the Life is Beautiful festival, under vicarious or contributory  
22 theories of infringement. (Dkt. 95.) Likewise, there is also no need to resolve Defendants'  
23 Motion for Partial Summary Judgment on the issue of monetary damages, given the  
24 absence of any liability in this case, or the Motion to Exclude Expert Testimony of Jonny  
25 Joseph. (Dkts. 137, 138.) Accordingly, the court VACATES those motions.

#### 26 **IV. CONCLUSION**

27 For the reasons stated above, the court GRANTS Defendants' Motion for  
28 Summary Judgment on all of Plaintiffs' Claims. Further, the Court GRANTS Defendants'

1 Motion for Summary Judgment on Defendants' Counterclaims for Cancellation. The  
2 Court DISMISSES the case and VACATES all other pending motions.

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4 **IT IS SO ORDERED.**

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6 Dated: November 29, 2016

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DEAN D. PREGERSON  
UNITED STATES DISTRICT JUDGE

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JS-6

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

AMUSEMENT ART, LLC,	)	Case No. 2-14-cv-08290-DDP-JPR
	)	
Plaintiff,	)	<b>ORDER RE MOTIONS FOR</b>
	)	<b>SUMMARY JUDGMENT</b>
v.	)	
	)	[Dkts. 95, 97, 103, 137, 138]
LIFE IS BEAUTIFUL, LLC;	)	
DOWNTOWN LAS VEGAS	)	
MANAGEMENT LLC; AND DOES 1-10,	)	
INCLUSIVE,	)	
	)	
Defendants.	)	
	)	

Presently before the court are (1) Defendant Downtown Las Vegas Management's ("DLVM") Motion for Summary Judgment; (2) Defendant Life is Beautiful, LLC's ("LIB") Motion for Summary Judgment; (3) Defendants' Motion for Summary Judgment as to Counterclaims for Cancellation of Plaintiffs' Trademark Registrations; (4) Defendants' Motion for Partial Summary Judgment as to Plaintiffs' Claims for Monetary Damages; and (5) Defendants' Motion to Exclude Expert Testimony of Jonny Joseph. (Dkts. 95, 97, 103, 137, 138.) After reviewing the parties' submissions and hearing oral argument, the court adopts the following Order.

1 **I. BACKGROUND**

2 Defendant LIB hosts the Life is Beautiful festival in Las Vegas, Nevada. LIB's  
3 founder, Rehan Choudhry, first began working on the idea for the festival in 2012. (Boyd  
4 Decl., Ex. 1 (Rehan Choudhry Dep.) at 152:25-155:5.) Choudhry claims that the project  
5 was inspired by his sister's battle with depression and his desire for her to see that "Life  
6 is Beautiful." (*Id.* at 154:18-155:5.) In developing the festival's style, Choudhry collected  
7 digital images from Google searches related to his concept. (*Id.* at 25:17-26:5.) Included in  
8 these images was artwork created by Thierry Guetta, also known as Mr. Brainwash,  
9 which included the phrase "LIFE IS BEAUTIFUL." (*Id.* 22:9-16.) The images Choudhry  
10 collected eventually formed the basis of a pitch document he presented to investors when  
11 promoting his festival. (*Id.* at 29:14-23.)

12 In the fall of 2012, Choudhry hired a graphic designer to develop the festival's  
13 logo. (*Id.* at 71:8-18.) The designer produced an image of a heart made of splattered paint.  
14 (*Id.*) According to the designer, the image was meant to evoke the concept that life is  
15 beautiful but also messy and to allude to Choudhry's own heart attack at the age of 23. In  
16 November 2012, Choudhry publicly announced the project, and the first festival was held  
17 in the fall of 2013. (*Id.* at 20:14-20, 76:21-24.) The festival, which has been held annually  
18 since 2013, features music, food and alcohol tastings, public speakers, and art exhibitions  
19 and installations.

20 Plaintiff Amusement Art is a company owned by artist Thierry Guetta and his  
21 wife Debora Guetta. Amusement Art's sole business is to hold and license intellectual  
22 property produced by Thierry Guetta. (Boyd Decl., Ex. 3 (Mikael Cohen Dep.) at 27:14-18;  
23 29:21-30:8.) In 2008, Guetta held his first solo art exhibition, entitled "Life is Beautiful."  
24 (Boyd Decl., Ex. 10 (Debora Guetta Dep.) at 153:11-20.) In some of his artwork, Guetta  
25 incorporates positive phrases such as "Love is the Answer," "Follow Your Dreams," and  
26 "Life is Beautiful." (Boyd Decl., Ex. 11 (Thierry Guetta Dep.) at 35:1-36:5.) Between 2008  
27  
28

1 and 2012, Guetta held approximately six additional exhibitions using the “Life is  
2 Beautiful” name. (*See* Boudreaux Decl., Ex. 15 (Guetta Dep.) at 51:21-25, 52:23-25.)<sup>1</sup>

3 In mid-2013, a common acquaintance introduced LIB to Guetta’s business  
4 associates and encouraged the two parties to consider possible collaboration. (Boyd Decl.,  
5 Ex. 50.) Over the next few months, LIB met with Guetta’s representatives on several  
6 occasions to discuss Guetta’s possible involvement in the festival. (Boyd Decl., Exs. 51-  
7 54.) In mid-2014, Guetta met in person with LIB for the first time. (Boyd Decl., Ex. 55.)  
8 According to LIB, the meeting did not go well. (*See* Boyd Decl., Ex. 55 (reporting that  
9 Guetta felt “disrespect[ed]” at the meeting).) Nonetheless, the parties met several more  
10 times to discuss possible business ventures. (Boyd Decl., Exs. 56, 57.) At some point,  
11 conversations turned from collaboration to a discussion of Guetta’s intellectual property  
12 and the possibility of entering into a licensing arrangement. (*See* Boudreaux Decl., Ex. 41.)  
13 However, the parties were unable to reach an agreement and Amusement Art filed suit  
14 asserting claims for: (1) trademark infringement under the Lanham Act; (2) unfair  
15 competition, false designation, passing off, and false advertising under the Lanham Act;  
16 (3) copyright infringement; (4) unfair competition in violation of Bus. & Prof. Code §  
17 17200; (5) common law trademark infringement and unfair competition; and (6)  
18 declaratory relief. (*See generally* FAC.)

19 At issue in this suit are Guetta’s asserted rights to “splashed paint heart designs”  
20 and the phrase “Life is Beautiful.” Guetta registered a copyright for the former in 2009  
21 and now asserts that Defendants have violated his copyright and trademark rights in  
22 painted heart designs. (*See* FAC ¶ 20-22.) Between 2011 and 2012, Plaintiffs also filed  
23 eight “intent to use” trademark applications with the Patent and Trademark Office (PTO)

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24  
25 <sup>1</sup> Defendants contend that the shows in question had other titles such as “Untitled,”  
26 “Under Construction,” “Icons,” and “Art Show 2011,” and that the only indication that  
27 “Life is Beautiful” was part of the show title were promotional postcards, which had the  
28 phrase “Life is Beautiful” printed in small type, upside down on the corner of the  
postcard. (*See* Guetta Dep. at 49:13-55:13; Boyd Decl., Exs. 12, 30, 31, 32.) Guetta has  
submitted, however, some contemporaneous media accounts that use the name “Life is  
Beautiful” in association with the shows. (*See* Boudreaux Decl., Ex. 48.)

1 for the phrase "Life is Beautiful." (Boyd Decl., Exs. 13, 15, 17, 19, 21, 23, 25 and 26.) The  
2 applications covered goods and services in the international classifications for paints  
3 (Class 2), electronics and accessories (Class 9), jewelry (Class 14), paper goods and  
4 printed matter (Class 16), rubber goods (Class 17), leather goods (Class 18), housewares  
5 and glassware (Class 21), and textiles (Class 24). (*Id.*) After filing the applications,  
6 executives employed by Plaintiffs filed Statements of Use, under penalty of perjury,  
7 asserting that AA had actually used the phrase "Life is Beautiful" as a trademark to sell  
8 approximately 257 categories of goods within the application classes. (Boyd Decl., Exs.  
9 14, 16, 18, 20, 22, 24, 27 and 28.) Along with its statements of use, Plaintiffs also submitted  
10 pictures of various goods with "Life is Beautiful" sales tags attached to them. In  
11 September of 2014, one month before filing this suit, Plaintiffs also filed a trademark  
12 registration application for the phrase "Life is Beautiful" in the classification for festival  
13 and community events. (Boyd Decl., Ex. 60.)

14 After this suit commenced, Defendants determined that a number of the  
15 statements of use submitted by Plaintiffs were false and that Plaintiffs did not actually  
16 sell many of the goods on which it obtained trademark registrations. (Boyd Decl., Ex. 5  
17 (Patrick Guetta Dep.) at 114:14-118:14, 153:1-154:20; Boyd Decl., Ex. 10 (Debora Guetta  
18 Dep.) at 75:21-77:10, 77:17-80:15.) Defendants notified Plaintiffs that they intended to seek  
19 cancellation of the trademarks on the basis of fraud on the trademark office. (Boyd Decl.,  
20 Ex. 39.) Plaintiffs then voluntarily surrendered eight of the trademark registrations but  
21 retained the 2014 registration in connection with festivals and art events. (Boyd Decl., Ex.  
22 33.)

23 Defendants now move for summary judgment on all of Plaintiffs' claim and  
24 Defendants' counterclaims for cancellation. Defendants also move for partial summary  
25 judgment on the issue of monetary damages and to exclude Plaintiffs' expert Jonny  
26 Joseph.

27 ///

28 ///

## II. LEGAL STANDARD

Summary judgment is appropriate where the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show “that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). A party seeking summary judgment bears the initial burden of informing the court of the basis for its motion and of identifying those portions of the pleadings and discovery responses that demonstrate the absence of a genuine issue of material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). All reasonable inferences from the evidence must be drawn in favor of the nonmoving party. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 242 (1986). If the moving party does not bear the burden of proof at trial, it is entitled to summary judgment if it can demonstrate that “there is an absence of evidence to support the nonmoving party’s case.” *Celotex*, 477 U.S. at 323.

Once the moving party meets its burden, the burden shifts to the nonmoving party opposing the motion, who must “set forth specific facts showing that there is a genuine issue for trial.” *Anderson*, 477 U.S. at 256. Summary judgment is warranted if a party “fails to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.” *Celotex*, 477 U.S. at 322. A genuine issue exists if “the evidence is such that a reasonable jury could return a verdict for the nonmoving party,” and material facts are those “that might affect the outcome of the suit under the governing law.” *Anderson*, 477 U.S. at 248. There is no genuine issue of fact “[w]here the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party.” *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986).

It is not the court’s task “to scour the record in search of a genuine issue of triable fact.” *Keenan v. Allan*, 91 F.3d 1275, 1278 (9th Cir. 1996). Counsel has an obligation to lay out their support clearly. *Carmen v. San Francisco Sch. Dist.*, 237 F.3d 1026, 1031 (9th Cir. 2001). The court “need not examine the entire file for evidence establishing a genuine



1 issue of fact, where the evidence is not set forth in the opposition papers with adequate  
2 references so that it could conveniently be found.” *Id.*

### 3 **III. DISCUSSION**

#### 4 **A. Unclean Hands Defense to Trademark Infringement Claims**

5 As a threshold matter, Defendants contend that all of Plaintiffs claims arising out  
6 of the alleged infringement of the “Life is Beautiful” mark are barred by the doctrine of  
7 unclean hands.<sup>2</sup> “Unclean hands is a defense to a Lanham Act infringement suit.”  
8 *Fuddruckers, Inc. v. Doc’s B.R. Others, Inc.*, 826 F.2d 837, 847 (9th Cir. 1987). The Ninth  
9 Circuit has explained that the doctrine of unclean hands “bars relief to a plaintiff who has  
10 violated conscience, good faith or other equitable principles in his prior conduct, as well  
11 as to a plaintiff who has dirtied his hands in acquiring the right presently asserted.”  
12 *Dollar Sys., Inc. v. Avcar Leasing Sys., Inc.*, 890 F.2d 165, 173 (9th Cir. 1989) (citing *Pond v.*  
13 *Insurance Co. of North America*, 198 Cal. Rptr. 517, 522 (Ct. App. 1984). To prevail on an  
14 unclean hands defense, a defendant must demonstrate by clear and convincing evidence  
15 “[1] that the plaintiff’s conduct is inequitable and [2] that the conduct relates to the  
16 subject matter of [Plaintiff’s] claims.” *Fuddruckers*, 826 F.2d at 847; *see also Japan Telecom,*  
17 *Inc. v. Japan Telecom Am. Inc.*, 287 F.3d 866, 870 (9th Cir. 2002).

##### 18 **1. Inequitable Conduct**

19 Defendants contend that Plaintiffs engaged in inequitable conduct by fraudulently  
20 registering eight trademarks for the phrase “Life is Beautiful.” Specifically, Defendants  
21 note that Plaintiffs secured these registrations by making statements to the PTO, under  
22 penalty of perjury, that Plaintiffs had used the phrase as a source identifier for nearly 250  
23 categories of good and services despite the fact that they never actually sold any such  
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25  
26 <sup>2</sup> In their Opposition, Plaintiffs argue that the unclean hands defense is unavailable  
27 because Defendants failed to plead sufficient facts to give Plaintiffs fair notice of the  
28 defense. (Pls.’ Opp’n LIB Mot. Summ. J. 8-9.) However, Defendants expressly pled the  
defense in their answer (Dkt. 49 at ¶ 97) and Plaintiffs never moved to strike this answer.  
Moreover, the Answer contains nearly ninety paragraphs detailing Defendants’ account  
of the asserted fraudulent registration of the “Life is Beautiful” marks. (*See* Dkt. 49 ¶¶  
112-204.)

1 items. (Def. LIB's Mot. Summ. J. 10.) Plaintiffs do not deny that their registration  
 2 applications contained false statements but contend there is no evidence that the  
 3 statements were made knowingly or with intent to defraud the PTO. (Pls.' Opp'n Defs.'  
 4 Mot. Summ. J. for Cancellation Counterclaim 6-7.) Plaintiffs also contend that their  
 5 actions did not rise to the level of "egregious misconduct," which some courts have  
 6 required before invoking the doctrine of unclean hands. *See Citizens Financial Group, Inc.*  
 7 *v. Citizens Nat. Bank of Evans City*, 383 F.3d 110, 129 (3d Cir. 2004).

8 It is well-established that fraud on the PTO in acquiring a patent can give rise to  
 9 an unclean hands defense. *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S.  
 10 806, 814 (1945). As the Supreme Court has explained:  
 11 [t]he possession and assertion of patent rights are issues of great moment to  
 12 the public. A patent by its very nature is affected with a public interest . . . .  
 13 The far-reaching social and economic consequences of a patent, therefore,  
 14 give the public a paramount interest in seeing that patent monopolies  
 15 spring from backgrounds free from fraud or other inequitable conduct and  
 16 that such monopolies are kept within their legitimate scope.

17 *Id.* at 815–16 (citations omitted). Lower courts have found that a similar logic bars  
 18 recovery in the trademark context as well. *See, e.g., Elec. Info. Publications, Inc. v. C-M*  
 19 *Periodicals, Inc.*, No. 68 C 136, 1969 WL 9623, at \*11 (N.D. Ill. Nov. 12, 1969) ("Plaintiff  
 20 shall be denied all relief because of its unclean hands due to its procurement and  
 21 maintenance of the three registrations by false or fraudulent representations and the  
 22 cancellation of two of the registrations does not purge the wrong."); *see also* J. Thomas  
 23 McCarthy, 6 *McCarthy on Trademarks and Unfair Competition* § 31:56 (4th ed. 2016) ("If  
 24 plaintiff is suing for infringement of a registered trademark, his fraud in the procurement  
 25 of the registration may constitute unclean hands.").

26 The operative question before the court is whether Plaintiffs' false statements to  
 27 the PTO rise to the level of fraud. Typically, courts are faced with claims of fraud on the  
 28 PTO in the context of cancellation actions.<sup>3</sup> The elements of a trademark cancellation on

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<sup>3</sup> As noted above, Defendants have also moved for summary judgment on their counterclaim for cancellation of Plaintiffs' Life is Beautiful trademarks on the basis of alleged fraud in registration. The court analyzes whether Plaintiffs obtained the